

VZCZCXRO8641
PP RUEHAG RUEHDF RUEHIK RUEHLZ RUEHROV RUEHSR
DE RUEHBO #0558/01 0512145
ZNR UUUUU ZZH
P 202145Z FEB 09
FM AMEMBASSY BOGOTA
TO RUEHC/SECSTATE WASHDC PRIORITY 7189
INFO RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHBR/AMEMBASSY BRASILIA 8663
RUEHCV/AMEMBASSY CARACAS 1692
RUEHGT/AMEMBASSY GUATEMALA 2949
RUEHLP/AMEMBASSY LA PAZ 9920
RUEHPE/AMEMBASSY LIMA 7018
RUEHMU/AMEMBASSY MANAGUA 2466
RUEHME/AMEMBASSY MEXICO 9721
RUEHOT/AMEMBASSY OTTAWA 2582
RUEHZP/AMEMBASSY PANAMA 3044
RUEHQT/AMEMBASSY QUITO 7727
RUEHSJ/AMEMBASSY SAN JOSE 5327
RUEHSN/AMEMBASSY SAN SALVADOR 2362
RUEHSG/AMEMBASSY SANTIAGO 2487
RUEHTG/AMEMBASSY TEGUCIGALPA 1905
RUCPDO/DEPT OF COMMERCE WASHDC
RUEHRC/DEPT OF AGRICULTURE WASHDC
RUEATRS/DEPT OF TREASURY WASHDC

UNCLAS SECTION 01 OF 02 BOGOTA 000558

SENSITIVE
SIPDIS

WHA/AND
WHA/EPSC
USTR FOR CARILLO AND HARMAN

E.O. 12958: N/A
TAGS: [ECON](#) [ETRD](#) [ECIN](#) [KIPR](#) [CO](#)
SUBJECT: EU-ANDEAN FTA TALKS REAWAKEN AFTER TEN-MONTH COMA

REF: 08 BOGOTA 3705

11. (SBU) SUMMARY. The European Union and Colombia, Peru and Ecuador held their first round of free trade negotiations since the EU and the Andean Community abandoned the "bloc-to-bloc" format (which had included Bolivia) last year. Colombia and EU officials characterized the round as a success, saying they made progress at all 13 negotiating tables. The new format seeks to find a common Andean position, while acknowledging room for differences and different negotiating speeds. After a ten-month break since the last round of negotiations, the negotiators showed in this round the urgency and alacrity that will be necessary to conclude negotiations in 2009. The next round is scheduled for March in Lima. END SUMMARY.

NEW NEGOTIATING FORMAT: EXCLUSIVELY INCLUSIVE

12. (SBU) The February 9-13 round was the fourth overall, but the first since the two sides abandoned the bloc-to-bloc negotiations between the Andean Community of Nations (CAN) and the EU. EU Bogota Mission Economic Chief Gonzalo Fournier explained that the new format for the "Multi-party Commercial Agreement" was open to any of the four CAN members, even Bolivia, which declined to participate. Fournier stressed the importance the EU attaches to not being seen as having fractured the CAN. The Agreement will be based on and will reference the 2003 CAN-EU Political Dialogue and Cooperation Agreement. This will allow the EU to enforce certain broad human rights conditions without including such language in the text of the trade agreement. Colombia is the only Andean country not to have ratified the 2003 Agreement and must do so before the FTA can enter into force, according to Fournier.

13. (SBU) The new format is designed for joint negotiations, while allowing each Andean country to close negotiations on its own timetable. According to Fournier, the EU does not view the process as three separate simultaneous bilateral

negotiations, but rather expects the Andean countries to reach a common negotiating position to the extent possible in each of the 13 negotiating tables, with the exception of market access where there will be more differences among the three. Luz Marina Monroy, Advisor to Chief Colombian Negotiator Santiago Pardo said that under the bloc-to-bloc scheme, "a common Andean negotiating position was a demand; now it is a request." Most of our interlocutors acknowledged that Peru would probably finish negotiating first since it had fewer sensitivities, though the EU may wait until at least two Andean countries have finished negotiations before signing with any single country.

EU REQUESTS ON IPR AND "FREE CIRCULATION" RAISE EYEBROWS

¶4. (SBU) Colombian press highlighted the EU's efforts to gain certain intellectual property rights protections that would go beyond those agreed to in the U.S.-CTPA, including 25-year pharmaceutical patents vice 20-year patents and a data protection period of 11 instead of five years. Likewise, the EU's request that its exports to one of the Andean nations be afforded customs union-style "free circulation" between all three Andean countries would be complicated in the absence of a common Andean external tariff. Monroy characterized the IPR efforts as a "negotiating position" and the issue of free circulation as "the EU being stuck in the mindset of bloc-to-bloc negotiations." She added that given the geography and infrastructure in Colombia, Ecuador and Peru, "EU companies would gain nothing meaningful by being able to

BOGOTA 00000558 002 OF 002

import something into Cartagena and from there transport it to Arequipa."

EU: "WE WANT NOTHING LESS THAN THE GRINGOS GOT"

¶5. (SBU) EU officials in Bogota acknowledged that some of their positions the press had keyed on, such as IPR protections, were indeed meant to give them room to negotiate something away. They added that as a general principle, the EU wanted nothing less than what the U.S. gained in FTA negotiations. Indeed the EU's lead negotiator Rupert Schlegelmilch invited Emboffs to lunch on the first day of the negotiations to inquire about the U.S. experience in FTA negotiations with the Andean countries as well as to discuss certain trade issues of concern with Colombia, including labeling provisions for liquor and vehicle importation barriers.

OPTIMISM FOR 2009 FINISH, BUT MUCH WORK REMAINS

¶6. (SBU) GOC and EU representatives were guardedly optimistic about the prospects for closing negotiations by the end of 2009. Both acknowledged a certain enthusiasm in the air that came with finally resuming negotiations after a ten-month hiatus, following the third and final round of bloc-to-bloc negotiations. Fournier said he was surprised by the seriousness with which the Ecuadorian negotiating team approached this most recent round. Nonetheless, this enthusiasm will not take the place of the detailed work needed to finalize the agreement. As an example, Monroy characterized the European offer on bananas as "not great." The next round of negotiations is set for March in Lima.

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